

ADDITIONAL VIEWS ON THE MINIMUM WAGE INCREASE

We are pleased that during Appropriations Committee consideration of this bill, the Committee adopted, on a bipartisan basis, the Hoyer-Obey Amendment to raise the minimum wage by \$2.10 per hour, from \$5.15 to \$7.25. This amendment provides an hourly minimum wage of \$5.85 on January 1, 2007; \$6.55 on January 1, 2008, and \$7.25 on January 1, 2009.

Americans are struggling with rising fuel prices, ballooning college tuition costs, and a lack of access to affordable housing. Last year, the Kaiser Family Foundation reported that annual premiums for family health care coverage had exceeded the annual income of a minimum wage worker. That is why Democrats have made raising the minimum wage a top priority.

The modest minimum wage increase provided in this bill is long overdue. It has been nine years since the last increase in the minimum wage, the second longest period without a wage increase since the federal minimum wage law was first enacted in 1938. As a result of the failure of the minimum wage to keep pace with rising costs, the national minimum wage of \$5.15 an hour is now at its lowest level in 50 years when adjusted for inflation. It is worth noting that when the minimum wage fell to an exceptionally low level in 1989, early the next year, Congress adopted an increase in the minimum wage of 27 percent over two years with the support of then-President George H. W. Bush.

People who work full-time in America should not be poor. However, in 2003 there were 3.7 million workers who worked full-time, year-round, and still lived in poverty. During the 1960s and 1970s, the yearly earnings of a full-time, year-round worker earning the minimum wage were roughly equal to the poverty level for a family of three. To reach the poverty level for a family of three in 2006 (\$16,600), a full-time, year-round worker would need to earn \$7.98 an hour — \$2.83 more than the current minimum wage.

The minimum wage increase of \$2.10 per hour over 26 months in this bill would directly benefit about 7 million low-wage workers, according to the Economic Policy Institute, and its spillover effects would benefit an additional 8 million workers. Moreover, this increase would benefit poor workers who need it most: 59 percent of the gains from the proposed \$2.10 hourly increase would go to working households in the bottom 40 percent of the income scale.

Most Americans support the minimum wage increase provided by the Democratic amendment included in this bill. Congress should pass this minimum wage increase at the earliest possible date.